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AUTHOR Ducey, Richard V.
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ABSTRACT

This report examines a growing submarket, the children's video marketplace, which comprises broadcast, cable, and video programming for children 2 to 11 years old. A description of the tremendous growth in the availability and distribution of children's programming is presented, the economics of the children's video marketplace are briefly explored, and some of the unique marketplace aspects of the children's video marketplace are examined. In conclusion, it is observed that while the children's video marketplace is rapidly growing and healthy overall, the broadcast television component of this marketplace has the most delicate economic balance because it draws its revenues only from advertising, while the other two segments can maintain more diverse revenue streams. The text is supplemented by 3 tables and 49 footnotes. (EW)

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THE CHILDREN'S VIDEO MARKETPLACE

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THE CHILDREN'S VIDEO MARKETPLACE

Richard V. Ducey, Ph.D.
Research and Planning Department
National Association of Broadcasters
February 18, 1988

THE CHILDREN'S VIDEO MARKETPLACE

TABLE OF CONTENTS

I. SUMMARY 1

II. THE CHILD AUDIENCE SEGMENT (2-11 years) 2

Demographic Overview 2
Children's Broadcast and Cable Viewing by Daypart 3
The Effect of "People Meters" 4

III. PROGRAMMING OUTLETS 5

The Children's "Video Marketplace" 5
The National Market 6
The Growth of Broadcast Stations 7
Growth of Cable Television 8
Basic and Pay Cable Services 9
Growth in Home Videocassette Recorders (VCRs) 10
Children's Video Programming 12

IV. CHILDREN'S PROGRAMMING ECONOMICS 13

Program Production 13
INTV Programming Survey 14
"Toy-Driven" Programs 14
Cross-Media Developments 15
Advertising in Children's Television 16
Market Forces Affecting Children's Television 17
The Marketplace Continues to Decide 18
"KidsNet" Provides Marketplace Information 19
Kids Are Not A Captive Market 20

V. CONCLUSION 20

THE CHILDREN'S VIDEO MARKETPLACE

Richard V. Ducey, Ph.D.
NAB Research and Planning

I. SUMMARY

The term, "video marketplace" has become familiar to policymakers in the past several years.[1] However, there has not been any thorough examination of a burgeoning submarket in this area, the "children's video marketplace." This market is relevant to the FCC's current proceeding which reopens its television deregulation actions with respect to children's television.[2] This market has evolved substantially, both quantitatively and qualitatively, since the FCC's Children's Television Report and Policy Statement in 1974 and even since the original television deregulation action in 1984.[3] This report delineates some of the broader contours of the children's video marketplace.

In this report, the viewing behaviors of children are reported, a description of the tremendous growth in the availability and distribution of children's programming is presented, the economics of the children's video marketplace are briefly explored and finally, some of the unique marketplace aspects of the children's video marketplace are examined. In conclusion, it is observed that while the children's video marketplace is rapidly growing and healthy overall, the broadcast television component of this

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[1] See for example: "In the Matter of the Revision of Programming and Commercialization Policies, Ascertainment Requirements, and Program Log Requirements for Commercial Television Stations," Notice of Proposed Rule Making, MM Docket No. 83-670, June 29, 1983, at para. 23.

[2] "In the Matter of Revision of Programming and Commercialization Policies, Ascertainment Requirements, and Program Log Requirements for Commercial Television Stations," Further Notice of Proposed Rule Making/Notice of Inquiry, MM Docket No. 83-670, October 20, 1987.

[3] Children's Television Report and Policy Statement in Docket No. 19142, 50 FCC 2d 1 (1974).

is rapidly growing and healthy overall, the broadcast television component of this marketplace has the most delicate economic balance.

II. THE CHILD AUDIENCE SEGMENT (2-11 years)

Demographic Overview

The proportion of households with children is expected to remain stable through 1990. In 1980, there were 33.3 million children from 2-11 years old or 14.7% of the total population. This is expected to increase to 37.1 million children aged 2-11 years or 14.9% of the total population by 1990.[4]

With nearly two-thirds of mothers now working, families have changed over time, kids have more responsibility. A recent Wall Street Journal article pointed out that children not yet in their teens are responsible for things like shopping, cooking, scheduling medical appointments and lessons with a kind of independence which one sociologist dubs, "self-nurturing."[5] While a small part of the total population, children are not irrelevant to the economy. Children 9-12 years old spend nearly all of the "$4.73 billion they get annually in allowances, gifts and earnings," and influence annual spending of over $40 billion by their parents.[6]

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[4] U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1985; and Population Estimates and Projections, June 1984.

[5] Ellen Graham, "As Kids Gain Power of Purse, Marketing Takes Aim at Them," Wall Street Journal, January 9, 1988, p. 1.

[6] Graham, p. 1.

Children's Broadcast and Cable Viewing by Daypart

It may be instructive to review children's television viewing habits as measured by the A.C. Nielsen Company, which reports only on broadcast and cable viewing. Perhaps surprisingly, relatively little of their total viewing occurs during the Saturday and Sunday morning daypart (e.g. only 11-12% in 1987).

Table I. Weekly Broadcast and Cable Viewing Activity for Children.

	PERCENTAGE OF TOTAL VIEWING HOURS			
Daypart	Nov '83		Nov '87	
Age --->	2-5	6-11	2-5	6-11
(Hours Per Week)	(27:09)	(24:50)	(22:58)	(19:47)
Prime Time	18%	27%	22%	31%
M-F 4:30-7:30PM	19%	22%	15%	18%
M-F 10AM-4:30PM	22%	10%	23%	9%
Sat/Sun 7AM-1PM	14%	15%	11%	12%
Sat 1-8PM/Sun 1-7PM	10%	13%	9%	11%
M-Sun 11PM-1AM	1%	1%	4%	5%
Remainder	16%	12%	16%	14%

Source: A.C. Nielsen Company, November 1983, 1987.

As can be seen in Table I, the broadcast and cable viewing of 2-5 year olds and 6-11 year olds has declined 15.4% and 20.3%, respectively, in the period 1983-1987. Viewing for persons 2 years old and over is up overall in the same time period. Thus,

children are watching less television than they used to and this is occurring in a period when viewing overall, is up. However, these viewing measures do not include VCR viewing of prerecorded tapes.

The Effect of "People Meters"

With the introduction of the people meter by Nielsen in the 1987-1988 television season, a number of controversial developments have occurred. Among these have been the noted decline in children's television viewing. Ratings have declined in other categories, for some program sources more than others. The decline in measured children's viewing is probably at least partially due to the people meter, but there may also be a real viewing decline.

The economic effects of this apparent viewing decline are staggering. The children's Saturday morning daypart is worth $150 million in advertising revenues to the networks, and due to the large apparent decline in children's television ratings (which Nielsen evidently "tacitly admits are seriously off,") the networks may lose $40 million worth of revenues.[7] This has prompted at least one network to consider no longer programming for children 2-11 year olds in this daypart.[8]

Whether or not people meters are accurate, either in sample selection or sample cooperation, there is a wide consensus that children's viewing of broadcast television is down. In a recent survey of television program directors, nearly two-thirds (61.4%) said that there is a decline in children's viewing in their markets.[9] Clearly,

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[7] Verne Gay and Julie Liesse Erickson, "Kidvid Tumbles: People Meters Make Rating Dive," Advertising Age, November 23, 1987, pp. 2, 64.

[8] Gay and Liesse, p. 2, 64.

[9] Alfred J. Jaffe, "Kids Viewing Drop Assessed," Television/Radio Age, February 8, 1988, p. 71.

broadcasters must find out what is happening to their child audiences and discover ways to stabilize or improve viewing levels.

Children's television changing viewing behaviors have impacted independent stations to the extent that the Association of Independent Television Stations (INTV) commissioned its own special study to understand why there has been slippage in after-school viewing of independent stations' children's programming.[10] Among the study's major conclusions are that:

1. Viewing of broadcast television is still a very popular after school activity, but many alternatives (including VCR and cable viewing) now compete for children's time and attention.

2. Children 2-11 are not a homogeneous group. Age and gender differences are reflected in programming tastes. Some older children (particularly in the 9-11 age group) express an interest in more adult or "real life" programming.[11]

III. PROGRAMMING OUTLETS

The Children's "Video Marketplace"

In its original Notice on television deregulation, the FCC developed the concept of a video marketplace, wherein it becomes relevant to consider both the product and geographical dimensions of a particular marketplace. The FCC concluded that, "in

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[10] M/E Marketing, "The Dynamics of Children's After-School Television Viewing," 15th Annual INTV Convention, Los Angeles, CA, January 1988. ("INTV Study").

[11] INTV Study, 1988.

terms of the geographic component, the television marketplace may in a sense be characterized as both a national and a local market."[12]

Thus, when considering the product of children's video programming, it is necessary to consider both local and national sources of programming and all video programming outlets in a market which are substitutable (i.e. competitive with one another). This analysis will be limited to a consideration of currently available broadcast, cable and home video options.

The National Market

There has been at least one study, by Siemicki et al., to quantify the national children's video marketplace.[13] In the Siemicki study, it was found that as of 1984, there were 477.1 hours of children's broadcast and cable programming nationally available for one sample week in October 1984. This included pay and basic cable services, commercial and public television stations and broadcast superstations. Among other things, this study found that for every one hour of children's programming on the networks, there were six such hours available on cable. Home Box Office (HBO) programs about 60 hours per month of children's programming.[14]

Apparently, the national marketplace in children's television has been producing programming which even some skeptics agree is high quality. TV Guide recently asked a group of experts, including network executives, children's educators, consumer

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[12] Notice of Inquiry, MM Docket 83-670, at para. 23.

[13] Michele Siemicki, David Atkin, Bradley Greenberg and Thomas Baldwin, "Nationally Distributed Children's Shows: What Cable TV Contributes," Journalism Quarterly, Winter 1987, vol. 63, no. 4, pp. 710-718,734.

[14] Television/Radio Age, August 3, 1987, p. 60.

advocates, clinical psychologists and pediatricians, to name the "best shows on children's television."[15]

While a number of these programs were PBS programs, several were cable network programs, both basic and pay networks. For example, Showtime's, "Faaerie Tale Theatre," was described as an "award-winning anthology series." Nickelodeon's, "Powerhouse" and "Standby . . . Lights! Camera! Action!," "You Can't Do That on Television," "Mr. Wizard's World," and "Livewire" were cited as excellent offerings. The "National Geographic Explorer," offered by WTBS-TV, a broadcast superstation, was among the series receiving the highest marks by the panel of experts.

The Growth of Broadcast Stations

The number of local broadcast outlets has increased substantially since 1974 when the FCC issued its Policy Statement on children's television. Overall, the number of broadcast stations has increased from 953 on-air stations, as of January 1975, to 1,285 on-air stations as of December 1986. This is an increase of 34.8% or 332 new stations. Table II indicates the relative growth of affiliates, independents and educational stations in this time period. Clearly, the most dramatic growth has come from independent television stations. More current figures put the total number of stations on-air at 1,342 total stations, or a 40.8% increase in stations since January 1975.[16]

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[15] Armen Keteyian, "Experts Recommend the Best Children's Shows on TV," TV Guide, February 15, 1986, pp. 33-36.

[16] "Summary of Broadcasting," Broadcasting, February 15, 1988, p. 146 (data as of December 31, 1987).

According to Nielsen,[17] in 1986 71% of U.S. television households received nine or more television stations (only 3% of all television households received less than five television stations. In 1972, only 31% of all television households received nine or more television stations.

Table II. On-Air Broadcast Station Growth 1974-1987

Station Type	1974/75	1986/87	% Increase
Affiliates	611	657	7.5%
Independents[18]	100	325	225.0%
Educational	242	303	25.2%
TOTAL	953	1,285	34.8%

Sources: Broadcasting Yearbook 1975, p. A-2 (data as of January 1975), Broadcasting/Cablecasting Yearbook 1987, p. A-2 (data as of December 1986).

Growth of Cable Television

Cable television has also grown, from a penetration level of 11.3% in February 1974 to 50.5% in November 1987, according to the A.C. Nielsen Company. Although one in two television households now subscribes to cable television, it is available as an option to 79.3% of all television households (i.e. "households passed" by basic cable).[19]

[17] 1987 Nielsen Report on Television, Nielsen Media Research, Northbrook, IL, 1987, p. 2.

[18] The Association of Independent Television Stations (INTV) Research Department reports that there were 77 independent television stations in 1974, serving 59% of all television households, and 310 independent television stations serving 90% of all television households in 1988. Telephone call, February 16, 1988.

[19] "Cable Barometer," Cablevision, January 18, 1988, p. 64.

Thus, an additional 28.8% of all television households could subscribe to cable, if they so chose.

According to AGB Television Research figures, as of September 1987 52.7% of television households with children under 12 had cable television service, compared to 51% of the overall population. However, 35.1% of television households with children have pay cable services, compared to 29% of the overall population of television households.[20] This means that whereas households with children now subscribe to basic cable at just over the rate at which all television households subscribe, they are more likely to subscribe to one or more pay cable services.

When cable channels are added to television stations as options, 85% of U.S. television households have nine or more video channels available to them.[21] It is also interesting to note that market size and cable penetration are inversely related, such that in smaller markets with fewer over-the-air viewing options, more households subscribe to cable television.[22]

Basic and Pay Cable Services

Table III indicates the current basic and pay services offering children's programming, and the number of households which are served by each service. WTBS-TV, an independent broadcast station from Atlanta, is carried as a "superstation" by

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[20] Universe Estimates for the AGB National TV Ratings Service, AGB Television Research, L.P., New York, NY, 1987, "AGB Universe Estimates."

[21] 1987 Nielsen Report on Television, p. 2.

[22] An NAB Research and Planning Department analysis of "Cable Penetration Estimates: May 1987," NSI News, A.C. Nielsen Company, New York, NY reveals a negative correlation of -.321 (Pearson Product-Moment) between cable penetration and number of television households in the market (i.e. market size).

cable systems to 42.5 million homes. The Disney Channel is available in 3.1 million homes.

Table III. Basic and Pay Cable Services -- Households Served

Service	No. TV HH Served (Millions)
BASIC	
WTBS-TV	42.5
USA Cable Network	41.0
CBN Cable Network	37.2
Nickelodeon	35.8
Lifetime	34.0
Discovery Channel	27.4
WGN-TV	23.8
PAY	
Home Box Office (HBO)	15.9
Showtime	5.8
Disney Channel	3.1

Sources: Cablevision, February 1, 1988, p. 64; Multichannel News, February 1, 1988, p. 1.

Growth in Home Videocassette Recorders (VCRs)

The growth in VCR penetration is an impressive story. From zero penetration in 1974 (the VCR was introduced to U.S. consumers in 1975 by the Sony Corporation) to 53.8% in 1987[23] the VCR has easily surpassed the speed with which consumers adopted other new video technologies such as color television and cable television.

Households with children were about a third more likely to have VCRs than households without children according to a 1986 survey by National Demographics and

[23] Arbitron Ratings/Television, November 1987 estimates.

Lifestyles of Denver.[24] According to September 1987 "universe estimates" of the AGB Television Research ratings service, 59.8% of households with children 0-11 years old have VCRs, compared to 48% of all households.[25] Thus, households with children are significantly more likely to have VCRs available. Therefore, households with children were apparently earlier adopters of this technology and still hold a large lead over the rest of the population (only 38% of households with no children under 18 have VCRs according to AGB).

How has this affected the children's video marketplace. Some feel that families are now building up children's video libraries which are "knocking the incoming signal off the screen."[26] In fact, there is some support for this notion. In one study, 30% of those buying VCRs cited "building a library of children's TV shows" as a somewhat or very important reason for purchasing the VCR. After 12 months of using the VCR, 28.7% of this same group reported that building a children's library was still important.[27]

Since viewing prerecorded videocassettes does not count in the syndicated ratings services estimates of television viewing, the overall level of children's viewing credited to broadcast and cable television is affected. One network research head

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[24] Carol Boyd Leon, "Selling Through the VCR," American Demographics, December 1987, pp. 40-43.

[25] "AGB Universe Estimates," p. 3.

[26] Edmond M. Rosenthal, "VCRs Having More Impact on Network Viewing, Negotiation," Television/Radio Age, May 25, 1987, p. 69.

[27] Michael G. Harvey and James T. Rothe, "Video Cassette Recorders: Their Impact on Viewers and Advertisers," Journal of Advertising Research, 1985.

commented that significant playback on Saturday mornings is particularly impacting the networks.[28]

Children's Video Programming

There are really three sources of home video programming for children: (a) rentals, (b) sales, and (c) recordings of broadcast and cable programming. There are literally thousands of home video titles from which parents and children can choose for their viewing pleasure. This affords parents and children the opportunity to be their own programmers, if they so choose. To assist them in this exercise are numerous catalogs and viewing guides.[29]

The children's video marketplace has been described as a very large market. For example, 23.7 million children's videocassettes worth $276 million (18.5% of total number of prerecorded videocassetttes sold) will be shipped to dealers this year. By 1990, shipments will rise to 52.2 million (21%) worth $472 million.[30]

Children's changing tastes are also reflected in this market. Recently, there has been a noticeable shift in children's video programming, "licensed characters are moving over to make room for more original, interactive and educational/interactive kidvid."[31] Many of the major video production and distribution companies are finding that parents are taking a more active interest in children's video programming and

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[28] Rosenthal, p. 69.

[29] See for example: Harold Schecter, Ph.D., KIDVID: A Parents' Guide to Children's Videos, (New York: NY, Pocket Books, 1986); Mick Martin, Marsha Porter and Ed Remitz, Video Movie Guide for Kids: A Book for Parents, (New York, NY: Ballentine Books, 1987).

[30] "Vital Statistics," TV Guide, November 12, 1987, p. A-167.

[31] Jim McCullaugh, "Programming Shifts: Licensed Characters Move Over for to Make Room for Original Productions," Billboard, July 26, 1986, p. K-4.

want programming which is high quality, and educational, yet entertaining. This is creating a stronger market for more original children's programming in home video.

IV. CHILDREN'S PROGRAMMING ECONOMICS

Program Production

The great increase in the number of broadcast television stations led to a greater demand for programming. The demand for children's programming by stations also increased. For example, in 1984 about 500 half-hour children's shows for networks and syndication were produced. In 1985 this had increased to 800 half-hour programs.[32] Altogether, there are perhaps 10,000 half-hours of children's programming available.[33] The head of a major production house predicts that due to depressed children's television ratings and lower revenue potential, a number of suppliers of children's programming who are in a marginal position now may close up shop.[34]

Advertisers seeking to reach the specialized children's market became concerned with the relatively high cost of network program vehicles, relative to the growing options. To help keep advertisers from abandoning them, the networks began to produce higher quality and higher priced children's programming. In 1983 the average cost of a network children's program was $80,000. By 1986 the average cost to produce a network children's program had shot up 275% to $220,000.[35]

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[32] Kenneth R. Hey, "We Are Experiencing Network Difficulties," American Demographics, October 1987, pp. 38 et seq.

[33] Robert Sobol, "Syndicators Going Full Speed Ahead in First-Run Kidvid," Television/Radio Age, August 3, 1987, p. 55.

[34] Sobel, p. 55.

[35] Ibid.

INTV Programming Survey

INTV recently conducted a survey of 80 independent television stations to determine operators' attitudes toward the children's programming marketplace.[36] Of these stations, 15% of their average total revenue is generated by children's programming. This is obviously an important component of their operations. Yet, due to declining audiences and therefore revenues, 39% of these stations indicate they are planning to reduce their amounts of children's programming in the future.

"Toy-Driven" Programs

Some critics of children's television argue that so-called "toy-driven" shows are not as desirable as other types of programming, preferring to label these programs as "program-length commercials."[37] The marketplace in fact shows some decline in the popularity of these programs. Industry observers point out that while there has been no overall advertiser slippage in supporting children's television programming, programs which feature toys are not doing as well, leading one major advertising agency to comment, "toy-driven shows are a thing of the past."[38]

Among other things, the risk in producing a television show on a toy which the fickle tastes of children may soon abandon, is very unattractive. For example, "He-Man" cost $10 million to produce. If kids do not like a show like this, they may not only stop viewing the show, but walk away from the toy, or vice-versa. While from a

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[36] "Programming: Betting the Whole Bundle," INTV, Washington, D.C., 1987.

[37] See for example petitions filed with the Federal Communications Commission by Action for Children's Television on February 9, 1987 and October 5, 1987 on this topic.

[38] "Children Erosion Disputed by Hirsch; Sees Toy-Driven Market Programs as Over," Television/Radio Age, December 7, 1987, pp. 74,76.

marketing viewpoint, the possibilities of linking programming for children with the marketing of toys could be attractive, marketplace forces do not support this. Toy manufacturers, responding to the marketplace, are apparently discovering that toy-based programs are not necessarily wise investments.

Cross-Media Developments

While some might argue that what happens in one medium is irrelevant to the other media, this is not the case. First, with over half of all U.S. households having cable and home video available (and this proportion increases in households with children), obviously there are substantial non-broadcast viewing alternatives. However, the broadcast market is influenced by what is available from cable and home video.

Given the economics of the children's video marketplace, the risks of program development are great. There may be some incentives to undertake new program developments in one medium which can then be used in another medium to help offset development costs. For example, children's theatrical releases are also available on videocassette as well as cable and broadcast. In another example, "Double Dare," a children's game show once seen only on Nickelodeon, is entering syndication and new episodes will be seen on local broadcast stations around the country beginning in February 1988.[39]

Another example is relevant here. Broadcast stations and cable systems apparently have some economic incentives to cooperate in ensuring a supply of children's video programming to their markets. An independent television station in Fort Wayne, Indiana cites their children's programming as, "one of the key reasons

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[39] Brian Donlon, "Networks Hooks Up With Cable TV," USA Today, January 22, 1988, p. 1-D.

WFFT is still on so many cable systems who wanted to drop as many independents as they could, as soon as the law allowed."[40]

Advertising in Children's Television

Children's programming on broadcast television is supported entirely by advertisers and broadcasters. Since there is no direct support mechanism from viewers, broadcasters must rely on advertisers as their sole means of generating revenues to off-set the costs of buying and producing programming for children. This is not true for broadcasters' two major competitors in the children's video marketplace, cable and home video. Even advertiser-supported basic cable networks also have a revenue stream from cable operators who pay a per-subscriber fee to these networks.

Broadcasters must therefore establish a delicate balance between the need to air commercials to generate revenue and the need to keep children attracted to their programming. While the amount of commercial matter was previously set under FCC guidelines, in 1984 the Commission abandoned these guidelines in its television deregulation proceeding. Therefore, since 1984 broadcasters have been free to let their local markets set the appropriate levels of advertising in children's programming.

According to a new NAB study, the equilibrium level (i.e. set by the market, not the FCC) of commercialization varies by market size.[41] In other words, the amount of commercials in children's programming on broadcast stations varies by the size of the market. Typically, larger markets exhibit higher levels of commercialization.

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[40] George Swisshelm, "TV Stations Use Kidvid to Power Local Identity," Television/Radio Age, August 3, 1987, p. 104.

[41] Edward E. Cohen, "NAB Children's Television Commercialization Survey," Research and Planning Department, National Association of Broadcasters, February 1988.

Market Forces Affecting Children's Television

Since the FCC deregulated broadcast television there have been no governmental guidelines regarding children's television commercials. However, the industry has developed some self-regulatory structures.[42] These structures have evolved in response to marketplace concerns. For example, in one study, 91% of television stations in a sample under study reported that they have developed their own time standards for advertising on their stations.[43]

In addition to the local television stations, another industry group, the National Advertising Division of the Council of Better Business Bureaus, maintains a "Children's Advertising Review Unit" (CARU) which scrutinizes children's advertising. CARU focuses its efforts on the perception of a product and its benefits. CARU relies upon a panel of national advisors, including academics who have done research on child comprehension and advertising.

Many of the complaints handled by the National Advertising Division (NAD) deal with child-directed advertising and cosmetics (12.7% of the cases handled by NAD in the first nine months of 1987 dealt with child-directed advertising).[44] Apparently, most of the complaints are initiated by competitors. In any case, the ad agencies purport to be pleased that they have CARU's guidance during their creative development of children's advertising messages.

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[42] See: U.S. v. NAB, 8 Media L. Rep. 2572 (Dist. Ct., Washington), 1982, in which the former "NAB Code" specifying voluntary commercial time limits was abandoned in a consent decree action.

[43] Bruce A. Linton, "Self-Regulation in Broadcasting Revisited," Journalism Quarterly, Summer-Autumn 1987, vol. 64, nos. 2 & 3, pp. 483-490.

[44] Edmond M. Rosenthal, "Financial Service, Health Claim Ads Go Under Scrutiny," Television/Radio Age, October 26, 1987, p. 38.

The NAD/CARU has some muscle in the industry. For example, when Flintstones vitamins were advertised during "The Flintstones" program on a television station, NAD contacted the vitamin manufacturer to report two violations of its self-regulatory guidelines: (1) medications, drugs and supplemental vitamins should not be advertised to children; and (2) animated characters should not promote products because they can alter a child's perceptions. The manufacturer cited an oversight in communications was responsible for the indicent and that corrective action had been taken.[45]

In addition to station and advertiser self-regulations, the major networks each have their own standards and practices units which set policies for network programming.

The Marketplace Continues to Decide

In his book, Children's Television: The Art, The Business and How it Works,[46] Cy Schneider, a 33-year veteran in children's television, notes that today's television programmers create over 900 different half hours of entertainment for children each year and advertisers spend $500 million annually to promote products to kids. Based upon his extensive career in children's programming and advertising designed for children, he argues that critics of children's television have been able to accomplish significant improvements in the marketplace, "without burdening broadcasters with useless government rules and stifling restrictions on business practices."[47]

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[45]"NAD Cuts Flintstones Spot," Advertising Age, December 23, 1987.

[46]Cy Schneider, Children's Television: The Art, The Business and How it Works. Lincolnwood, IL: NTC Business Books, 1987).

[47]Schneider, p. 179.

As examples, he cites the following changes in children's television:[48]

o violence in children's television has been curbed

o there is a heightened sensitivity to stereotyping

o there is less advertising clutter

o there is more enlightening programming for children than ever before

"KidsNet" Provides Marketplace Information

As an example of another marketplace structure which has evolved to serve the special needs of children, "KidsNet," a non-profit (i.e. 501(c)(3)) organization has been established to assist anyone interested in learning more about children's programming. The charter members of "KidsNet" include the Arts & Entertainment Network, Capital Cities/ABC, Inc., CBN Network, CBS, Home Box Office, NAB, NBC, Nickelodeon, Showtime, The Disney Channel, Lorimar Telepictures and USA Network.

"KidsNet" defines its benefits as:[49]

> By placing all of children's radio and television programming information (commercial, public, cable, home and school) into a computerized database, programmers and distributors will have a built-in promotional vehicle that at the same time will provide needed information about the audience. The interactive ability of KidsNet will allow advertisers, advertising agencies, programmers and others to research the use of their programs, educational materials, advertisements, public service announcements, etc., as well as the needs of their audiences: children, parents and educators.

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[48] Schneider, p. 179.

[49] "KidsNet: A Computerized Clearinghouse for Children's Radio and Television," KidsNet, 1201 16th Street, N.W., Suite 607E, Washington, D.C. 20036.

Kids Are Not A Captive Market

As indicated by viewing data and other marketplace data, children are by no means a captive market. There are so many video options at the disposal of children and their parents, that special marketplace mechanisms have evolved to respond with a supply of video programming in different forms (i.e. program types) and through different channels (i.e. broadcast, cable and home video) to meet the demand. Children's program producers and distributors (e.g. broadcast, cable, home video) are responsive to the special needs of the child audience. They have to be, in order that they remain competitive in an important marketplace.

V. CONCLUSION

The video marketplace in children's television is prolific and dynamic. The viewing environment is such that the great preponderance of children have a large number of broadcast, cable and home video viewing options. Some of these options are advertiser-supported, some are subscriber-supported. The typical child (and his or her parent) has a virtual wealth of video options from which to make viewing choices.

The children's video marketplace consists of three major parts, the broadcast, cable and home video segments. Each of these segments interacts and affects the other, both in terms of programming and economically. These segments are substitutable and thus competitive. From a public policy perspective, this is a fundamental observation. In order to preserve this competitiveness among the three major segments of the children's video marketplace, policymakers should bear in mind that these segments do not operate in isolation.

THE CHILDREN'S VIDEO MARKETPLACE/

Of the three major segments in the children's video marketplace, only broadcasting is completely supported by advertising. The cable and home video segments have other support mechanisms available to them. This permits home video and cable some diversity in maintaining revenue streams which then permits greater staying power in the marketplace.

Therefore, any public policy interest in commercialization levels in broadcast children's programming should recognize at least three key factors: (a) broadcast children's programming has only one revenue stream -- advertising; (b) the children's video marketplace is competitive and expensive to participate in; (c) cable and home video are strong competitors to broadcast television stations as sources of children's video programming.